



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE  
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## **AT CALIFORNIA TREASURER ANGELIDES' URGING, CALPERS CALLS ON PACIFICARE TO RELINQUISH \$345 MILLION IN EXCESSIVE PAYOUTS TO HMO EXECUTIVES IN PROPOSED MERGER WITH UNITEDHEALTH**

*CalPERS Also Adopts Treasurer's motion urging Schwarzenegger's Department of  
Managed Care to Eliminate Exorbitant Pay Package Before Approving Merger*

SACRAMENTO, CA – California State Treasurer Phil Angelides had the following comments today after the California Public Employees' Retirement System (CalPERS) voted, at his urging, to call on PacifiCare Health Systems to withdraw plans for \$345 million in accelerated options and bonus payouts to 39 HMO executives before the company's proposed merger with UnitedHealth Group is presented to shareholders later this year, and to urge the Schwarzenegger Administration to eliminate the executive pay package prior to approving the merger:

"The CalPERS board today sent a clear and strong message on behalf of shareholders, pensioners and health care consumers, calling on PacifiCare to relinquish \$345 million in unwarranted payouts to its top 39 HMO executives. There is simply no justification for these excessive payouts – which will go to the very same HMO executives who engineered this merger, and which will ultimately be paid either by shareholders of the merged company or by consumers in the form of higher insurance premiums.

"To go forward, the PacifiCare-UnitedHealth merger must still be approved by Governor Schwarzenegger's Department of Managed Health Care. The Schwarzenegger Administration should recognize, as CalPERS has, that this payout plan is clearly excessive, and is an egregious example of corporate excess that enriches HMO executives at the expense of shareholders and health care consumers. The Department must do its duty to protect California health consumers and stand up to this excessive greed by demanding that these exorbitant payouts be relinquished."

Last month, Angelides called on the Department of Managed Health care to reject the proposed merger unless the excessive payouts to HMO executives are eliminated, and also urged CalPERS and the California State Teachers' Retirement System (CalSTRS), on whose governing boards he is a member, to use their clout as PacifiCare and



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UnitedHealth shareholders to urge the companies to withdraw plans for excessive payouts to HMO executives before the merger is presented to shareholders prior to the end of the year. CalPERS and CalSTRS own a combined \$560 million in PacifiCare and UnitedHealth stock.

CalPERS approved two separate proposals put forth by the Treasurer today; the first motion, directing CalPERS staff to write to and engage with PacifiCare and UnitedHealth with the goal that the companies unwind the pay package, passed on 7-4 vote with all of Governor Schwarzenegger's appointees voting against the motion. The second motion, directing CalPERS staff to write to and engage with Governor Schwarzenegger's Department of Managed Health care with the goal that DMHC press the companies to unwind the pay package, passed unanimously.

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